

HOLISTIC INTEGRATED TARIFF TEAM

Quarterly BOD/MC & RSC Briefings

April 2019

HITT TASKS FROM SPP BOARD

Overview of HITT Tasks (5 areas)

1. SPP's transmission planning and study processes, including, but not limited to, Generation Interconnections (GI); the GI queue; Aggregate Studies; Energy Resource Interconnection Service (ERIS) and Network Resource Interconnection Service (NRIS); capacity requirements, including more attributes than energy; and related FERC planning requirements;
2. Transmission cost allocation issues, including, but not limited to, Highway/Byway, directly assigned costs, Attachment Z2 credits, cost allocation impacts on transmission pricing zones with large wind resources, and state by state supply resource mix requirements and/or goals;

Overview of HITT Tasks

3. Integrated Marketplace impacts related to a changing resource mix, access to lower cost generation, potential changes in production tax credits, approach of using market-based compensation for varying attributes of different types of generators, etc.;
4. Disconnects or potential synergies between transmission planning and real-time reliability and economic operations; and
5. Additional areas and/or issues as appropriate and reasonably related to its scope of work.

The team is expected to issue a report to the SPP Board of Directors and Members Committee containing a set of high-level recommendations that provide solutions for the region by April 2019.

HITT Membership

- **SPP Board** - 2 Representatives
Jim Eckelberger (Director)
Graham Edwards (Director)
- **RSC** - 2 Representatives
Shari Feist Albrecht (Commissioner Kansas Corporation Commission and RSC)
Dennis Grennan (Commissioner Nebraska Power Review Board and RSC)
- **Investor Owned Utilities** – 4 Representatives
Richard Ross (AEP)
Denise Buffington (KCPL)
Greg McCauley (OG&E)
Bill Grant (SPS)
- **Cooperatives** - 3 Representatives
Mike Wise (Golden Spread)
Mike Risan (Basin)
Al Tamimi (Sunflower)
- **Independent Power Producers** - 2 Representatives
Rob Janssen (Dogwood Energy) – *Vice-Chair*
Holly Carias (NexEra)
- **Municipals** - 1 Representative
Dennis Florom (LES)
- **State Agencies** - 1 Representative
Tom Kent (Nebraska Public Power District) - *Chair*
- **Independent Transmission Companies** - 1 Representative
Brett Leopold (ITC Great Plains)
- **CAWG Liaison**
Cindy Ireland (Arkansas PSC Staff)

SPP Staff Support Team

Paul Suskie, *Executive Vice President and General Counsel*

Antoine Lucas, *Director of Transmission Planning*

CJ Brown, *Director of Systems Operations*

Don Shipley, *Director of Settlements*

Charles Locke, *Director of Transmission Policy*

Richard Dillion, *Director of Market Policy*

Gary Cate, *Manager, Market Design*

Tessie Kentner, *Managing Attorney*

Ben Bright, *Manager Regulatory Processes*

Greg Sorenson, *Market Monitor Unit*

OVERVIEW

HITT's One-Year Efforts

Timeline and Approach

Educational & Information Gathering

April – July 2018

Educational will be continuous throughout the process with emphasis during 1st 3 months.

Call for Stakeholder Presentations

Aug – Nov 2018

Stakeholders presentations on perspectives, challenges & possible solutions.

Finalize Report

Dec – April 2019

Develop, analysis, study & finalize recommendations for the HITT Report to the SPP BOD/MC.

HITT One-Year Effort Overview

- The HITT met 16 times from April 2018 to April 2019. Stakeholders attended some meetings in-person, while all stakeholders were invited to participate via a WebEx and/or phone to share their thoughts at all HITT meetings.
- During the first few months, the HITT focused on education.
- Beginning in August, SPP stakeholders presented their companies' perspectives and experiences and suggested solutions to the challenges.
- In December, the group began developing specific recommendations to deliver to the board.
- Team members requested information from SPP staff on numerous topics and posed specific questions for follow-up. Overall, SPP staff responded to 94 requests for information (RFI) to ensure team members were well-educated on the topics being discussed
- The HITT coordinated its efforts to gain synergizes and minimize any potential overlap with the activities of other SPP groups, such as the Cost Allocation Working Group, the Regional State Committee, the Market Working Group, the Supply Adequacy Working Group, the Strategic Planning Committee, and the Transmission Working Group.

HITT by the Numbers

- 15 stakeholders representing diverse sectors
- 16 meetings
- 12 months
- 94 requests for information
- 21 recommendations

Stakeholder Presentations

- NextEra – July 31

Holly Carias – *Energy Storage Technology and Applications on the T&D Grid*

- Wind Coalition & AWEA – July 31

Steve Gaw - *Suggestions for Improvements in Process in Response to Problem Statements 1A and 1B*

- Nebraska Public Power District – July 31

Joel Dagerman – *Transmission Cost Allocation Methodologies: 1) Under Compensation for Transmission Utilization associated with Zonal Exports, and 2) Cost Shifts Related to Tariff Inclusion of Existing Low Voltage Facilities (Radial 69 kV)*

- Gridliance – July 31

Brett Hooton – *Cost Allocation Methodology Proposal – Moving to Sub-regions*

Stakeholder Presentations

- NextEra – August 21
Mark Ahlstrom - *NERC Essential Reliability Services*
- Sunflower– August 21
Al Tamimi – *Cost Allocation – Wind Rich SECI Area*
Al Tamimi – *Transmission Owner Compensation*
- AEP – August 21
Richard Ross – *Congestion Hedging Challenges/Alternatives*
- Golden Spread – August 21
Mike Wise - *Deliverability Model*
- PJM – August 21
Mark Sims – *How has PJM Implemented ERIS/NRIS*
- Golden Spread –October 23
Hannes Pfiefenberger (Brattle Group) – *Market Ramping Product*

Stakeholder Presentations

- City Utilities of Springfield - November 6
John Stephens/Maurice Moss – *Cost Allocation*
- Dennis Reed- November 6
Dennis Reed – *Zonal Access Charge from 2009*
- Omaha Public Power District – December 4
Luke Haner – *Load Growth*
- NextEra – April 3, 2019
Holly Carias – *LTCR Improvements*

HITT Issues

Issue No. 1A: *SPP's current planning processes for transmission facilities were created prior to the development of the current full Day Ahead and Real Time energy and ancillary services markets. How should we change the planning process, operating processes and market/tariff products to get the right results? That is, the right system facility projects built with the right entity paying. Additionally, what synergies can be developed between market operations and planning?*

Issue No. 1B: *Given the guidance the HITT developed for Issue No. #1A, the Team will review the transmission cost allocation methodologies to potentially make recommendations to improve processes to ensure that just and reasonable cost allocation principles are used in the SPP region. Any recommendation will be sent to the RSC/CAWG for consideration.*

Issue No. 2: *Develop a better understanding of the product needs of customers based on looking at different market designs to see if enhancements could be implemented to get correct products in place and incented for the SPP market. This includes the need to understand essential reliability services and see if market designs should be changed to get mechanisms in place. Additionally, need to look at impacts to resource adequacy and planning processes.*

Issue No. 3. *Examine barriers to load growth within SPPs policies and tariff procedures.*

Matrix Chart

R - Indicates Reliability Recommendations. **M** - Indicates Market Enhancement Recommendations.

T - Indicates Transmission Planning & Cost Allocation Recommendations.

✓ indicates contained in Staff's straw proposal.

☐ Box indicates recommendations needs more discussions. ☐ Box indicates HITT consensus.

1A Resource Adequacy (RA)	1A Transmission Planning	1A Congestion Rights (CR)	1B TPZ & Schedule 11- Zonal	1B TO Comp & Upgrades	2 Market & Other Products	3 Load Growth & AQ
R 1A-1.1 ✓ Keep Existing RA Rules	1A-2 ✓ Increase Value for NRIS Service (Deliverability) & change thresholds for ERIS Service	M 1A-7.1 ✓ (Option 1) CR Market w/ Counter-flow Optimization Using Excess Auction \$s.	T 1B-1 ✓ Decouple Sch. 9 & 11 TPZ and <i>potentially est.</i> larger Sch. 11 TPZ	1B-3.1 Establish Market Transmission Service (MTS) Charge	R 2-1 ✓ Continue. 1) fast-start; 2) ramping; & 3) multi-day market efforts	T 3-1 ✓ Trans- parency & Limited to New Loads
R 1A-1.2 ✓ Determine ERS Req'ts	1A-3 Econ. & reliability upgrades w/non-firm resources	1A-7.2 (Option 2) ✗ Move towards elimination of tradeable rights.	1B-2.1 (Option 1) Change Byway Cost Allocation to 2/3-1/3	T 1B-IE Proposal ✓ Establish Byway Cost Allocation Review Process	R 2-2 ✓ Identify ERS requirements and appropriate compensation	T 3-2 ✓ Speed
Others?	T 1A-4 ✓ Evaluate 1.0 B/C Economic Projects	Others?	1B-2.2 (Option 2) Change Byway Cost Allocation to 50/50	1B-4 Zonal Cost Allocation Adjustments for Energy	R 2-3 ✓ Implement an uncertainty product	
	T 1A-5 ✓ Est. local TPZ planning criteria and processes		T 1B-1 & 2 ✓ Any <i>existing</i> cost allocation changes phased in 5-10 years	1B-5 MTS Charge for TO Comp. for GI O&M & Sch. 9 Costs?	M 2-4 (MMU) ✓ Evaluate generator offer req'ts for safeguards for negative prices	
	T 1A-6 ✓ Evaluate New 3-Phase Process 18 Months after implementation		Others?	T 1B-6 ✓ Evaluate potential revenue requirement & recovery methodology for TSD.	M 2-5 (MMU) ✓ Evaluate VER offer at a specific level in the day-ahead market	
	Others?			1B-7 Establish cost allocation rules for solar similar to wind	M 2-6 ✓ Evaluate more advanced economic evaluation of reliability	
				T 1B-8 ✓ Eliminate & Replace Z2 Payment Obligations Prospectively	R 2-7 ✓ Operations Tools	

OVERVIEW HITT REPORT

HITT Report Overview

21 recommendations in four categories

5 Reliability 

4 Marketplace 

9 Planning & Cost Allocation 






3 Strategic 

 13 recommendations are actions





 8 recommendations are evaluations

Holistic Integrated Tariff Team Recommendations

Reliability

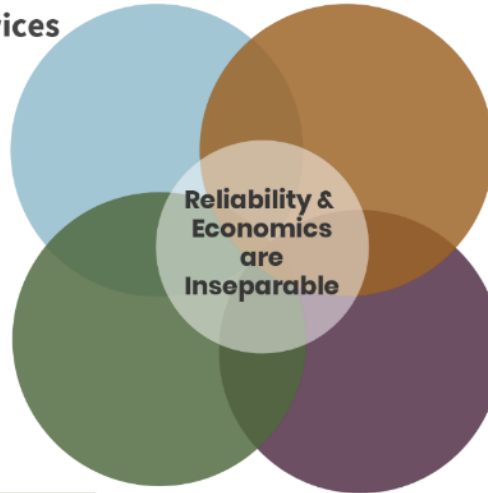
-  Essential & other reliability services
-  ERS/ORS compensation model
-  Market enhancements
-  Uncertainty market product
-  Additional operational tools

Marketplace









-  Congestion hedging improvements
-  Offer requirements for variable resources
-  Study automatic mitigation unduly low offers
-  Economic evaluations of reliability

 Study




 Implement



Planning & Cost Allocation

-  NRIS/ERIS modifications
-  Uniform Sch. 9 planning criteria
-  New load addition modifications
-  Three-phase GI process effectiveness
-  B/C ratio for economic projects
-  Decouple Sch. 9 & 11 pricing zones
-  Byway cost allocation review process
-  Z2 replacement
-  Cost allocation for transmission storage

Strategic

-  Technological advances
-  Keep seams a priority
-  Storage white paper



#1 Study essential reliability services & other reliability services

SPP should perform a study to evaluate the region's reliability challenges with a dramatically changing generation resource mix. The study should identify all NERC ERS and help determine the amount of ERS and ORS needed in the future. The results can be used to gain a better understanding of the most effective and efficient ways for the region to economically maintain reliability with a preference to markets. This study should be cyclical so the footprint can continuously work toward maintaining reliability in the future.



#2 Implement ERS/ORS compensation model

SPP should use the result of the study in reliability recommendation #1 to help establish a compensation model associated with each ERS and/or ORS. This includes a review of regulation service compensation to determine if the service is appropriately valued. The review should include consideration of cost causation and whether technology that reduces the need for regulation service should receive some of the compensation.

Reliability



#3 Implement market enhancements

SPP should continue enhancements to the Integrated Marketplace including fast-start resource logic; ramping capability; and a multi-day, longer-term market product.

#4 Implement uncertainty market product

SPP should continue to develop an uncertainty product. This evaluation should include a method for calculating the product's requirements.

#5 Study additional operational tools

SPP should determine what additional operational tools are needed to ensure BES reliability is maintained at the upmost level.



#1 Implement congestion hedging improvements

SPP should continue with a market mechanism to hedge load against congestion charges. The existing market designed should include modifications to implement counter-flow optimization that is limited to excess auction revenues.

#2 Study offer requirements for variable resources

SPP should evaluate whether variable energy resources should have a requirement to offer at a specific level in the day-ahead market. SPP should review incentives and consider market rule changes to improve day-ahead participation for wind resources.



#3 Study automatic mitigation of unduly low offers

SPP should evaluate whether generation (including renewables) offer requirements provide adequate safeguards against uneconomic production.

#4 Study economic evaluations of reliability

SPP should evaluate the cost and benefits of more advanced economic evaluations of reliability. This evaluation should help educate and encourage the use of dynamic line ratings, topology optimization and economic outage coordination when practical, economic, and reliable.

Planning & Cost Allocation



Transmission Planning

#1 NRIS/ERIS modifications

SPP should develop and adopt a policy that creates the appropriate balance between costs assessed and value attained among: energy resource interconnection service (ERIS), network resource interconnection service (NRIS), and long-term transmission service. The policy should add more value to NRIS by making NRIS eligible to attain benefits comparable to those awarded to designated resources (DR), without requiring a transmission service study, while tightening thresholds for mitigation of ERIS system impacts. This recommendation includes the concept of deliverability on a larger sub-regional basis. The policy should address capacity accreditation. The cost/value balance should be maintained throughout all transmission services, transmission planning, and Integrated Marketplace processes to ensure effectiveness and equity for all impacted stakeholders.

Planning & Cost Allocation



#2 Establish uniform Schedule 9 local planning criteria

Each SPP Schedule 9 transmission pricing zone should establish uniform local planning criteria for its zone. The criteria can vary between zones, but all Transmission Owners within each zone should be subject to the same local criteria in determining the need for zonal reliability upgrades within the zone. This also includes the additional recommendation that the host transmission owner should invite transmission owners & transmission customers of that zone to participate when developing the zonal criteria.

Planning & Cost Allocation



#3 Implement new load addition modifications

SPP should modify the Attachment AQ (delivery-point additions, modifications, or abandonments) process to be more transparent and allow for quicker results to facilitate potential load growth within SPP. Attachment AQ should be modified to limit its application to new load additions.

#4 Study three-phase GI process effectiveness

SPP should evaluate the effectiveness of the three-phase generator interconnection study process following implementation.

#5 Evaluate B/C ratio for economic projects

SPP should evaluate increasing the current B/C ratio margin threshold for economic upgrades from the current 1.0 B/C and consider raising in a range of between 1.05 to 1.25.

Planning & Cost Allocation



Cost Allocation

#1 Establish new Schedule 11 transmission pricing zones

SPP should decouple Schedule 9 and Schedule 11 transmission pricing zones, which would allow the creation of larger Schedule 11 pricing zones and/or Schedule 9 sub-zones prospectively. When creating the new pricing zones, consideration should be given to new deliverability sub-regions, distribution factor calculations, and market and power flows.

If the Regional State Committee adopts a policy to reallocate existing costs within new Schedule 11 transmission pricing zones, in order to mitigate cost shifts, the zones should be consolidated over a 5 to 10-year transition period.

Planning & Cost Allocation



#2 Establish byway facility cost allocation review process

SPP should evaluate creating a narrow process through which costs for specific projects below 300 kV can be fully allocated on a region-wide basis in consideration of the regional benefits resulting from the facilities, with such benefits including energy exports from the transmission pricing zone where the project is located.

Planning & Cost Allocation



#3 Implement Z2 replacement

For new upgrades that are wholly or partially funded through directly-assigned upgrade costs (DAUC), the entity that incurs such costs will no longer be eligible for compensation through revenue credits under Attachment Z2. Instead, the DAUC sponsor will be eligible to receive compensation that may be available through incremental long-term congestion rights (ILTCRs). The ILTCRs will function as currently described in Attachment Z2, except that the total compensation will be limited to each upgrade's DAUC plus interest.

#4 Study cost allocation for transmission storage

Evaluate whether SPP should establish cost allocation and rates under the tariff for energy storage resources in order to treat them as transmission assets if these resources are used as transmission assets.



#1 Add technological advances to SPP's strategic plan

Technology is changing more rapidly than we have ever seen in SPP's nearly eight decades of existence. To be better prepared for these changes, the HITT recommends that the Strategic Planning Committee (SPC) add understanding and evaluation of technological advances to SPP's strategic plan.

#2 Continue to include seams in Strategic Plan












As noted in the SPPT's 2009 report, seams with our neighboring regions continue to be an area that is challenging and for which there are potential improvements. The HITT recommends that SPP continue to make seams a high priority and to continue to include seams as a part of SPP's strategic plan. The Seams Steering Committee should continue to provide direction to SPP staff on seams issues.











#3 Storage white paper

While technological changes are rapidly developing in the electric industry, energy storage – particularly batteries – is an immediate challenge and opportunity. The impact storage will have on the future is evident by the increasing amount of batteries in SPP’s generation interconnection queue and FERC’s Order 845. The HITT recommends that SPP staff create a white paper on the many issues related to storage to gain a better understanding of storage and how SPP should address these issues in the future. This white paper will be delivered to the MOPC, RSC and the Board of Directors/Members Committee January 2020. The white paper should include tactical and strategic recommendations. In the interim, MOPC working groups will continue their efforts.

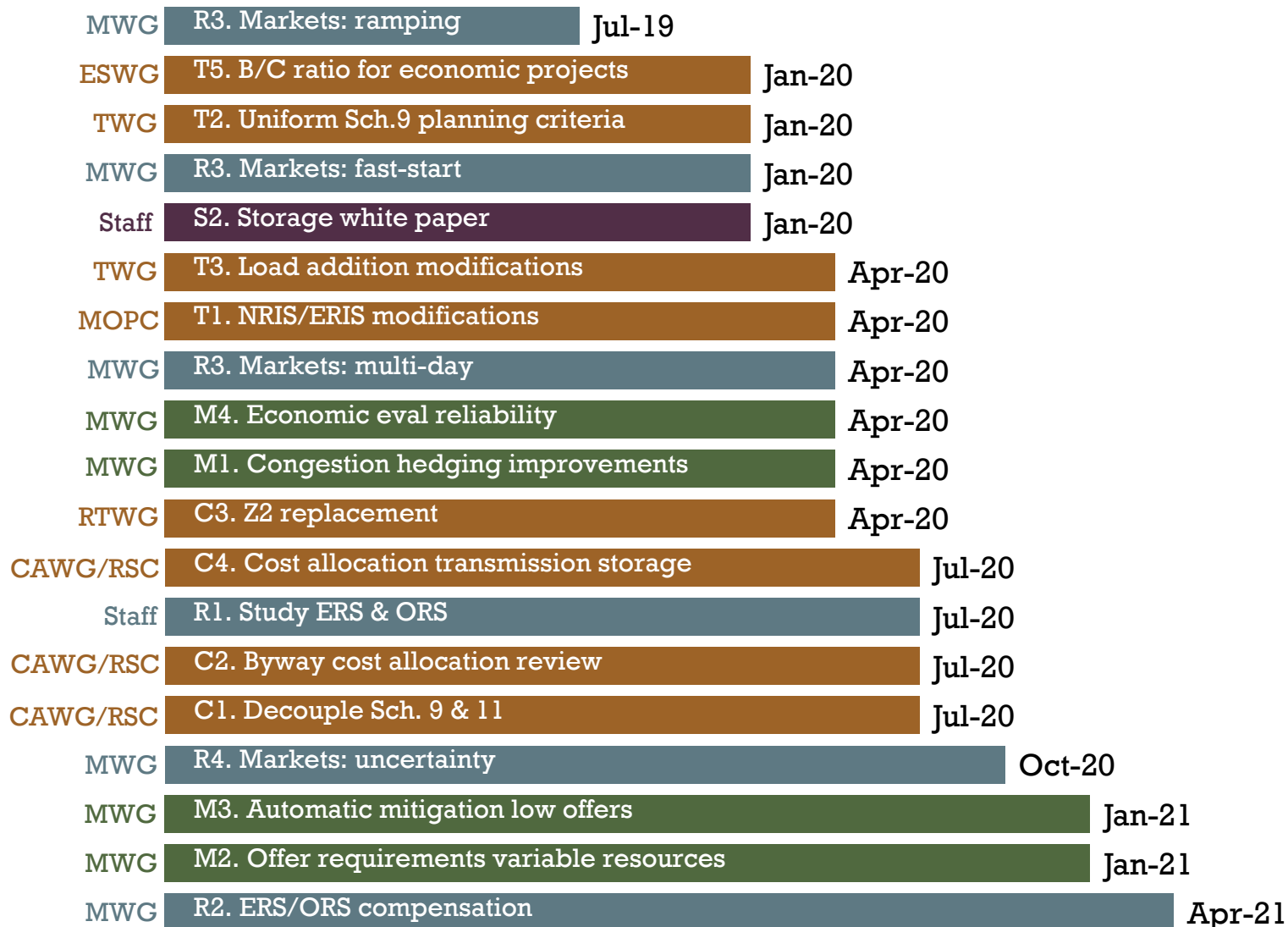
Action Plan (Proposed)

Strategic Planning Committee		
 Oversee & track implementation of HITT recommendations	N/A	Until complete
Cost Allocation Working Group / Regional State Committee		
 C1: Decouple Schedule 9 & 11 pricing zones	RTWG	July 2020
 C2: Establish byway facility cost allocation review process	ESWG/TWG/RTWG	July 2020
 C4. Study cost allocation for transmission storage devices	TWG, MWG	July 2020
MOPC		
 T1: NRIS/ERIS modifications	TWG	April 2020
Market Working Group		
 R3. Market enhancements: ramping	N/A	July 2019
 R3. Market enhancements: fast-start	N/A	Jan. 2020
 R3. Market enhancements: multi-day, longer-term	N/A	April 2020
 M1. Implement congestion hedging improvements.	RSC/CAWG	April 2020
 M4. Study economic evaluations of reliability	ORWG/TWG	April 2020
 R4. Implement uncertainty market product	ORWG	Oct. 2020
 M2. Study offer requirements for variable resources	N/A	Jan. 2021
 M3. Study automatic mitigation of unduly low offers	N/A	Jan. 2021
 R2. Implement ERS/ORS compensation model	ORWG	April 2021

Action Plan (Proposed)

Transmission Working Group		
 T2: Establish uniform Schedule 9 local planning criteria	RTWG/TOs	Jan. 2020
 T3: Implement new load addition modifications	RTWG/RCWG	April 2020
Regional Tariff Working Group		
 C3: Implement Z2 replacement	RSC/CAWG/MWG	April 2020
Economic Studies Working Group		
 B/C ratio for economic projects	MOPC	Jan. 2020
Staff		
 S2. Storage white paper	RSC/MOPC	Jan. 2020
 R1. Study ERS and ORS	MWG/ORWG/SAWG	July 2020
 R5. Study additional operational tools	ORWG/MWG	Ongoing
 T4. Study three-phase GI process effectiveness	N/A	18 mo. after implementation

HITT Timeline (Proposed)



Proposed HITT Report Schedule

- April 29 Present at quarterly BOD/MC/RSC briefings
- May 9 Present at SPC retreat
- May-July Brief FERC
- May-July Provide detailed information to key SPP working groups:

CAWG/RSC*	RCWG
ESWG	RTWG
MOPC	SAWG
MWG	TWG
ORWG	

** RSC is scheduling a special in-person briefing before July*

- July 30 **SPP Board/Members Committee approve HITT Report**

QUESTIONS

Z2 Remand Order

Paul Suskie, EVP & General Counsel

BOD/MC & RSC Quarterly Update – April 29, 2019

Outline of FERC's Reversal of Z2 Waiver

- What is Attachment Z2
- Waiver – 1 Year Billing limitation
- FERC Reversal
- Next Steps

What is Attachment Z2

- FERC Order 2003 required compensation for sponsors of certain network upgrades (GI)
- FERC Order 681 required RTOs to offer ILTCRs as a form of compensation for network upgrades
- Pursuant to CAWG/RSC white paper SPP created an additional compensation option today known as Attachment Z2
- Attachment Z2 is a process to compensating Transmission Customers who pay for upgrades that are subsequently used by transmission customers
- The types of eligible upgrades include:
 - Generator Interconnection
 - Sponsored
 - Transmission Service

Background – FERC Docket

Original Obligation

- **2005 - ER05-109:** Created Revenue Credits (Today known as Z2)

CLARIFYING FILINGS AT FERC

- **2008 - ER08-746:** Attachment Z was separated into Z1 - Aggregate Study Procedures and Z2 – Revenue Crediting Procedures (Credits)
 - Credits will be based upon NITS & PTP service that could not be provided “but for” the existence of the upgrade.
 - Expanded Credits to Project Sponsors.
 - The “but for” test recognizes that a network upgrade may also provide benefits in the opposite direction.
 - Changes became effective May 2008
- **2013 - ER13-1914:** Clarifications to Revenue Crediting
 - Clarify the determination of credits, the funding of credits, and the distribution of credit revenue for Creditable Upgrades under the Tariff
 - Include provisions that are designed to simplify and streamline the crediting process
 - Changes became effective September 2013

Request for Waiver

- In 2016, SPP was finalizing the process for implementation of the transmission revenue crediting process under Attachment Z2 after years of delays, which was designed to include all applicable transmission revenue credits that arose prior to implementation, dating back to 2008.
- April 1, 2016, SPP filed a waiver request with FERC to facilitate SPP's implementation of revenue crediting under Attachment Z2 for the historical period of 2008-2016 in Docket No. ER16-1341 ("Waiver Request"), requesting, among other items, a waiver of the one-year limitation on billing adjustments in Section 7.1 of the Tariff.
- July 7, 2016, FERC issued an order granting SPP's Waiver Request ("Order Granting Z2 Waiver").
- **Fourth Time FERC had granted such a waiver for SPP.**

Implementation of Z2

- November 2016- SPP issued the first invoices that reflected implementation of the transmission revenue credits.
- As a result of FERC's Order Granting Z2 Waiver, the November 2016 invoices included transmission revenue credits for the historical period.
- The historical period involves approximately \$200 million that SPP has billed and collected from certain transmission customers and, in turn, paid certain upgrade sponsors for upgrades they funded.

Request for Rehearing

- Numerous parties requested rehearing of the Order Granting Z2 Waiver.
- On November 6, 2017, FERC denied rehearing of the Order Granting Z2 Waiver, rejecting arguments that, as part of the “filed rate,” FERC could not waive section 7.1 (“Z2 Rehearing Order”).
- FERC reasoned that because intervenors conceded their awareness of forthcoming Attachment Z2 liabilities, adequate notice was provided to overcome any filed rate objections.

Appeal to DC Circuit

- On January 5, 2018, Xcel Energy Services Inc. (“Xcel”) filed a petition for review of the Order Granting Z2 Waiver and the Z2 Rehearing Order in the United States Court of Appeals for the District of Columbia Circuit.
- Following Xcel’s submission of its initial brief and supporting intervenor briefs, but prior to filing its own brief, FERC filed a motion for voluntary remand of the orders to consider the potential implications of the court’s intervening decision in *Old Dominion v. FERC*.

Old Dominion v. FERC

- *Old Dominion* was decided by the DC Court of Appeals on June 15, 2018 but is unrelated to SPP's Attachment Z2 waiver request docket.
- *Old Dominion* concerned a proposed waiver of PJM's tariff-imposed rate cap to compensate generators who, at PJM's direction, supplied electricity during the 2014 polar vortex.

Remand to FERC

- The DC Court of Appeals granted FERC's motion for voluntary remand on July 31, 2018.
- By notice issued August 6, 2018, FERC invited interested parties to submit briefs addressing the significance of Old Dominion and any other matter of relevance to the Z2 Waiver Orders.
- Briefs were submitted by numerous parties including SPP, Xcel, NextEra, OG&E, EDF Renewables, Golden Spread, AEP, and KEPCO.

FERC Reversal of Z2 Waiver

- February 28, 2019- FERC issued the Z2 Remand Order reversing the waiver of Section 7.1 of the Tariff previously granted in the Order Granting Z2 Waiver and denying SPP's request to waive its Tariff to enable SPP to invoice transmission service customers for credit payment obligations outside of the one-year billing adjustment limitation for the historical period. Almost 3 years after SPP request.
- FERC found that the request for waiver was prohibited by the filed rate doctrine and the rule against retroactive ratemaking and that SPP did not provide adequate notice in this instance to satisfy these requirements.
- FERC also declined to exercise discretion under section 309 of the Federal Power Act, which provides FERC with broad remedial and equitable discretion to implement its authorities under the Federal Power Act, to excuse SPP from unwinding prior period Attachment Z2 settlements.
 - Commissioners Cheryl LaFleur and Richard Glick issued separate concurring statements expressing regret at the inequitable result of the orders but agreeing with the majority that FERC's hands are effectively tied by the filed rate doctrine and rule against retroactive ratemaking in light of the intervening Old Dominion case.

Z2 Remand Order Requirements

- FERC directed SPP to provide refunds, with interest calculated at the FERC interest rate.
- Specifically, SPP must refund credit payment obligation amounts for the historical period, except for those becoming payable one year prior to the date SPP initially rendered bills to customers for credit payment obligations.
- FERC directed SPP to file a report within 120 days of the date of this order detailing how it proposes to make the refunds and providing data required by the order.
 - FERC noted it will provide an opportunity for comment on the report.
- FERC also stated that SPP shall not provide any refunds prior to the issuance of a further Commission order directing refunds.

Next Steps

- SPP and other parties filed requests for rehearing of the Z2 Remand Order on April 1, 2019.
- SPP is developing a plan for compliance that will be filed with FERC no later than June 28, 2019.
- SPP is evaluating many challenges of a refund.
 - FERC has not ruled on SPP's filing to create a mechanism to get fund paid to non-jurisdictional entities (Non-jurisdictional refund filing)
 - Funds subject to refund may have been paid to entities that may have paid these funds to customers under state jurisdiction
 - FERC has not issued a final ruling on 206 complaints as to how SPP calculated refunds.
- SPP expects that parties who have been paid Z2 credit and now must refund this money may file Section 206 complaints against SPP at FERC.

Questions